ANNEXURE—VIII

THE KARNATAKA SALES TAX (FOURTH AMENDMENT) BILL, 1976.

(L. A. BILL No. 51 OF 1976)

A Bill further to amend the Karnataka Sales Tax Act, 1957.

Whereas it is expedient further to amend the Karnataka Sales Tax Act, 1957 (Karnataka Act No. 25 of 1957), for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Twenty-seventh Year of the Republic of India as follows :—

1. Short title and commencement.—(1) This Act may be called the Karnataka Sales Tax (Fourth Amendment) Act, 1976.

(2) It shall come into force at once.

2. Amendment of section 5.—In section 5 of the Karnataka Sales Tax Act 1957 (Karnataka Act 25 of 1957) (hereinafter referred to as the principal Act),—

(1) for the proviso to sub-section (1), the following proviso shall be substituted, namely :—

"Provided that if and to the extent to which such turnover relates to gur (Jaggery), gunny bags, bardans (including baters) and hessian cloth, the tax shall be calculated at the rate of two per cent of such turnover."

(2) in sub-section (3A),—

(a) the words "mentioned in the Second Schedule" and "or the rate specified in the Second Schedule in respect of such goods whichever is lower" shall be and shall be deemed to have been omitted with effect from 1st April 1972; and

(b) for the words "mentioned in that Schedule" the words "mentioned in the Second Schedule" shall be and shall be deemed to have been substituted with effect from 1st April 1972.

3. Amendment of section 6.—In the proviso to section 6 of the principal Act, for clause (i), the following clause shall be substituted, namely :—

"(i) in respect of sale or purchase of goods specified in the Fourth Schedule of,—

(a) which are taxable at the point of purchase; and

(b) which have already been subjected to tax under sub-section (4) of section 5".

4. Amendment of section 28A.—For sub-section (5) of section 28A of the principal Act, the following sub-section shall be substituted, namely :—

"(5) The penalty leviable under sub-section (4) shall not exceed double the amount of the tax leviable in respect of the goods under transport :

Provided that in the case of goods specified in the Second, Third and Fourth Schedules, if the owner or the person incharge of the goods vehicle or boat produce proof to show that goods in question have already suffered the single point tax under this Act, no penalty shall be leviable."

5. Amendment of Second Schedule.—In the Second Schedule to the principal Act, for the entries relating to serial number 137 and 138, the following entries shall be substituted, namely :—

"137	Cereals (whether with or without) husk other than those mentioned in Serial No. 9 of Fourth Schedule.	Four per cent
138	Flour and husks of pulses ; atta, maida, soji, and bran of wheat ; parched rice, beaten rice and rice bran ; soji, maida, atta, grits, flakes and bran of maize.	Four per cent
139	Pulses (whether whole or separate and whether with or without husk) other than those mentioned in serial No. 10 of Fourth Schedule.	Four per cent
140	Chunni of pulses	Four per cent

6. Amendment of Fourth Schedule.—In the Fourth Schedule to the principal Act, for the entries relating to serial numbers 8, 9 and 10 the following entries shall be substituted namely :—

"8	Crude oils specified in clause (iic) of section 14 of the Central Sales Tax Act, 1956	Sale by the first or earliest of successive dealers in the State liable to tax under this Act.	Four per cent

9	Cereals, that is to say, rice, wheat, jowar or milo, bajra, maize, ragi, kodon, kutki and barley.	Sale by the first or earliest of successive dealers in the State liable to tax under this Act.	Four per cent
10	Pulses (whether whole or separated and whether with or without husk), that is to say, gram or gulab gram, tur or arhar, moong or green gram, masur or lentil, urad or blackgram, moth, lakh or khesari.	Sale by the first or earliest of successive dealers in the State liable to tax under this Act.	Four per cent

7. **Amendment of Fifth Schedule.**—In the Fifth Schedule to the principal Act,—

(1) for serial number 28, the following shall be substituted, namely :—

"28. Products of prescribed village industries which satisfy prescribed conditions and limitation when sold by a *bona fide* producer recognised by the commissioner";

(2) serial numbers 40 and 41 and entries relating thereto shall be and shall be deemed to have been omitted with effect from 8th September 1976;

(3) in Explanation (1), clause (a) shall be omitted.

8. **Repeal of Karnataka Ordinance No. 22 of 1976.**—The Karnataka Sales Tax (Fourth Amendment) Ordinance, 1976, Karnataka Ordinance No. 22 of 1976) is hereby repealed.

Statement of Objects and Reasons

Consequent upon the Central Sales Tax (Amendment) Act, 1976 (Central Act No. 103 of 1976) amending certain provisions of the Central Sales Tax Act, 1956 and shifting some of the foodgrains and pulses to the category or declared goods, consequential amendments to the relevant provisions of the Karnataka Sales Tax Act, 1957 had to be effected. As the State Legislature was not in session, these amendments had to be carried out by an Ordiance and accordingly Karnataka Sales Tax (Fourth Amendment) Ordinance, 1976 (No. 22 of

1976) was promulgated. This bill seeks to replace the above Ordinance. Opportunity is also taken to carry out amendments to certain provisions of the Act with a view to removing certain legal infirmities Cereals and pulses which are not specifically covered by the Ordinance, and 'Chunni' of pulses have also been shifted from multipoint to single point scheme of taxation in consonance with the State's policy to shift as many commodities to single point levy as may be possible.

M. Y. GHORPADE

T. VENKATASWAMY,
Secretary.

Explanatory statement under rule 70 (1) of the Karnataka Rules of Procedure and conduct of business in the Legislative Assembly.

Consequent upon the Central Sales Tax (Amendment) Act 1976 (Central Act No. 103 of 1976) amending certain provisions of the Central Sales Tax Act 1956 and shifting some of the foodgrains and pulses to the category of the declared goods, Consequential amendments to the relevant provisions of the Karnataka Sales Tax, Act 1957 have to be effected. As the Karnataka State Legislative Assembly was not in session these amendments have to be carried-out by an Ordinance. Accordingly Karnataka Sales Tax (Fourth Amendment) Ordinance, 1976 was promulgated.

M. Y. GHORPADE